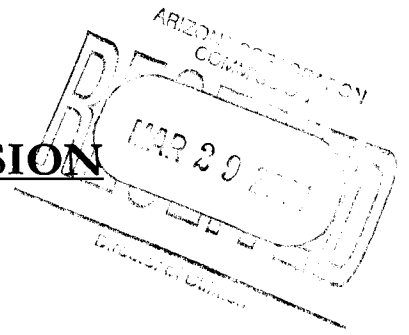


3-30-01  
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**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**



ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

<p><b>W-03499A</b> <b>STERLING WATER COMPANY</b> <b>2925 NORTH MANOR DRIVE EAST</b> <b>PHOENIX, AZ 85014</b></p>	<p>S</p>
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**ANNUAL REPORT**

**FOR YEAR ENDING**

<b>12</b>	<b>31</b>	<b>2000</b>
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FOR COMMISSION USE

ANN 04	00
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## COMPANY INFORMATION

**Company Name (Business Name)** Sterling Water Company

Mailing Address 2925 North Manor Drive, East  
(Street)

Phoenix  
(City)

Arizona  
(State)

85014  
(Zip)

602-264-6000

602-264-7873

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address None

Local Office Mailing Address Same as above  
(Street)

(City)

(State)

(Zip)

Local Office Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address \_\_\_\_\_

## MANAGEMENT INFORMATION

**Management Contact:** Michael Suggs  
(Name) (Title)

2925 North Manor Drive, East  
(Street)

Phoenix  
(City)

Arizona  
(State)

85014  
(Zip)

602-264-6000

Telephone No. (Include Area Code)

602-265-7873

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address \_\_\_\_\_

**On Site Manager:** N/A  
(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address \_\_\_\_\_

**Statutory Agent:** Martinez & Curtis, P.C.  
(Name)

2712 North Seventh Street Phoenix Arizona 85006  
(Street) (City) (State) (Zip)

602-248-0372 602-266-8290  
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

**Attorney:** William P. Sullivan  
(Name)

2712 North Seventh Street Phoenix Arizona 85006  
(Street) (City) (State) (Zip)

602-248-0372 602-266-8290  
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

### OWNERSHIP INFORMATION

Check the following box that applies to your company:

- |   |  |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S)    | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P)        | <input type="checkbox"/> Subchapter S Corporation (Z)                                |
| <input type="checkbox"/> Bankruptcy (B)         | <input type="checkbox"/> Association/Co op (A)                                       |
| <input type="checkbox"/> Receivership (R)       | <input type="checkbox"/> Limited Liability Company                                   |
| <input type="checkbox"/> Other (Describe) _____ |  |

### COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- |                                     |                                   |  |
|-------------------------------------|-----------------------------------|--|
| <input type="checkbox"/> APACHE     | <input type="checkbox"/> COCHISE  | <input type="checkbox"/> COCONINO          |
| <input type="checkbox"/> GILA       | <input type="checkbox"/> GRAHAM   | <input type="checkbox"/> GREENLEE          |
| <input type="checkbox"/> LA PAZ     | <input type="checkbox"/> MARICOPA | <input checked="" type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO     | <input type="checkbox"/> PIMA     | <input type="checkbox"/> PINAL             |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI  | <input type="checkbox"/> YUMA              |
| <input type="checkbox"/> STATEWIDE  |                                   |  |

<b>COMPANY NAME</b>	STERLING WATER COMPANY
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**UTILITY PLANT IN SERVICE**    N/A

<b>Acct. No.</b>	<b>DESCRIPTION</b>	<b>Original Cost (OC)</b>	<b>Accumulated Depreciation (AD)</b>	<b>O.C.L.D. (OC less AD)</b>
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements			
307	Wells and Springs			
311	Pumping Equipment			
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains			
333	Services			
334	Meters and Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>			

This amount goes on the Balance Sheet Acct. No. 108

<b>COMPANY NAME</b>	STERLING WATER COMPANY
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**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

N/A

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements			
307	Wells and Springs			
311	Pumping Equipment			
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains			
333	Services			
334	Meters and Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>			

This amount goes on Comparative Statement of Income and Expense Acct. No. 403.

<b>COMPANY NAME</b>	STERLING WATER COMPANY
---------------------	------------------------

**BALANCE SHEET**    N/A

Acct. No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$	\$
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$	\$
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$	\$
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant		
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	<b>TOTAL FIXED ASSETS</b>	\$	\$
	<b>TOTAL ASSETS</b>	\$	\$

**NOTE:** The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME

STERLING WATER COMPANY

**BALANCE SHEET (CONTINUED)** N/A

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITIES</b>		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	<b>TOTAL CURRENT LIABILITIES</b>	\$	\$
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$	\$
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	\$	\$
	<b>TOTAL LIABILITIES</b>	\$	\$
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$	\$
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings		
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	\$	\$
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$	\$

COMPANY NAME

STERLING WATER COMPANY

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE** N/A

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$	\$
460	Unmetered Water Revenue		
474	Other Water Revenues		
	<b>TOTAL REVENUES</b>	\$	\$
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power		
618	Chemicals		
620	Repairs and Maintenance		
621	Office Supplies and Expense		
630	Outside Services		
635	Water Testing		
641	Rents		
650	Transportation Expenses		
657	Insurance – General Liability		
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense		
403	Depreciation Expense		
408	Taxes Other Than Income		
408.11	Property Taxes		
409	Income Tax		
	<b>TOTAL OPERATING EXPENSES</b>	\$	\$
	<b>OTHER INCOME/EXPENSE</b>		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	<b>TOTAL OTHER INCOME/EXP</b>	\$	\$
	<b>NET INCOME/(LOSS)</b>	\$	\$



<b>COMPANY NAME</b>	STERLING WATER COMPANY
---------------------	------------------------

**SUPPLEMENTAL FINANCIAL DATA**

**Long-Term Debt**

	<b>LOAN #1</b>	<b>LOAN #2</b>	<b>LOAN #3</b>	<b>LOAN #4</b>
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate				
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End                      \$   N/A

Meter Deposits Refunded During the Test Year                      \$   N/A

<b>COMPANY NAME</b>	STERLING WATER COPMANY
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**WATER COMPANY PLANT DESCRIPTION**    N/A

**WELLS**

<b>ADWR ID Number</b>	<b>Pump Horsepower</b>	<b>Pump Yield (Gpm)</b>	<b>Casing Size (inches)</b>	<b>Meter Size (inches)</b>

**OTHER WATER SOURCES**    N/A

<b>Name or Description</b>	<b>Capacity (gpm)</b>	<b>Gallons Purchased or Obtained (in thousands)</b>

**TOTAL GALLONS PUMPED (NOT SOLD) THIS YEAR** (thous.) =       N/A      

<b>BOOSTER PUMPS</b>		<b>FIRE HYDRANTS</b>	
<b>Horsepower</b>	<b>Quantity</b>	<b>Quantity Standard</b>	<b>Quantity Other</b>

<b>STORAGE TANKS</b>		<b>PRESSURE TANKS</b>	
<b>Capacity</b>	<b>Quantity</b>	<b>Capacity</b>	<b>Quantity</b>

## **STATISTICAL INFORMATION**

Total number of customers           N/A          

Total number of gallons sold           N/A           gallons

**COMPANY NAME** STERLING WATER COMPANY **YEAR ENDING 12/31/2000**

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2000 was: \$ N/A

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. No tax bill received as the Company is not yet operating

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COMPANY NAME STERLING WATER COMPANY YEAR ENDING 12/31/2000

**INCOME TAXES**

For this reporting period, provide the following:

Federal Taxable Income Reported N/A  
Estimated or Actual Federal Tax Liability N/A

State Taxable Income Reported N/A  
Estimated or Actual State Tax Liability N/A

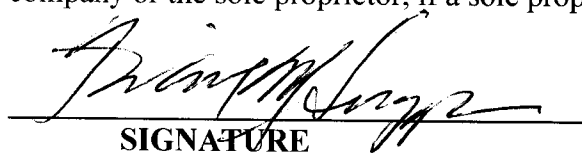
Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances N/A  
Amount of Gross-Up Tax Collected N/A  
Total Grossed-Up Contributions/Advances N/A

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

  
SIGNATURE

3/28/01  
DATE

Michael Suggs  
PRINTED NAME

President  
TITLE

COMPANY NAME STERLING WATER COMPANY YEAR ENDING 12/31/2000

<b>WATER AND SEWER UTILITIES ONLY</b>
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**PROPERTY TAXES**

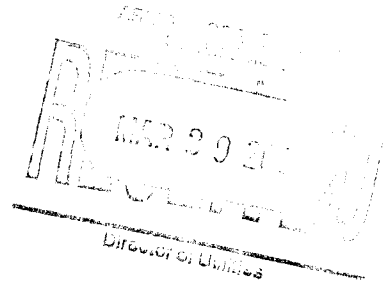
Indicate the amount of actual property taxes paid during this reporting period (Calendar Year 2000)

\$ -0-

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled Checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain reasons below: None billed as Company not yet operating.

**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**



VERIFICATION

STATE OF

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)

**Arizona**

NAME (OWNER OR OFFICIAL) TITLE

**Michael Suggs, President**

COMPANY NAME

**Sterling Water Company**

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA COPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH

12

DAY

31

YEAR

2000

**HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.**

**SWORN STATEMENT**

**IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2000 WAS:**

Arizona IntraState Gross Operating Revenues Only (\$)

\$ \_\_\_\_\_ -0- \_\_\_\_\_

**(THE AMOUNT IN BOX ABOVE**

**INCLUDES \$ \_\_\_\_\_ -0- \_\_\_\_\_**

**IN SALES TAXES BILLED, OR COLLECTED**

**\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

SIGNATURE OF OWNER OR OFFICIAL

**602-264-6000**

TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME TAMELA S. GATION**

**A NOTARY PUBLIC IN AND FOR THE COUNTY OF MARICOPA**

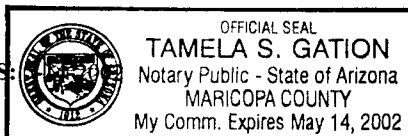
THIS

**28<sup>th</sup>**

**DAY OF MARCH, 2001**

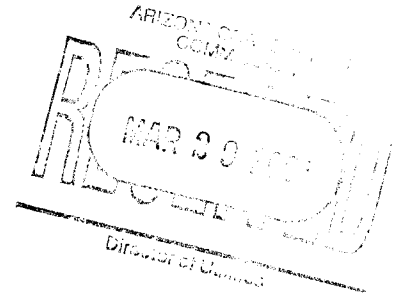
(SEAL)

MY COMMISSION EXPIRES:



SIGNATURE OF NOTARY PUBLIC

**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
INTRASTATE REVENUES ONLY**



**VERIFICATION**

**STATE OF ARIZONA**

**I, THE UNDERSIGNED MICHAEL SUGGS, PRESIDNET  
OF THE STERLING WATER COMPANY**

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION  
FOR THE YEAR ENDING 12/31/2000**

**HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND  
RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE  
THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID  
UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY  
MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND  
BELIEF.**

**SWORN STATEMENT**

**IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01,  
ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING  
REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS  
RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2000 WAS:**

**ARIZONA INTRASTATE GROSS OPERATING REVENUES**

**\$                     -0-**

**(THE AMOUNT IN BOX AT LEFT**

**INCLUDES \$                     -0-                      
IN SALES TAXES BILLED, OR COLLECTED**

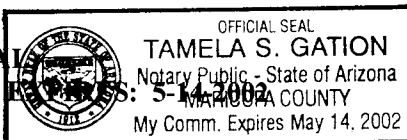
**\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.**

  
SIGNATURE OF OWNER OR OFFICIAL

**SUBSCRIBED AND SWORN TO BEFORE ME TAMELA S. GATION**

**A NOTARY PUBLIC IN AND FOR THE COUNTY OF MARICOPA**

**THIS 28<sup>th</sup> DAY OF MARCH, 2001**

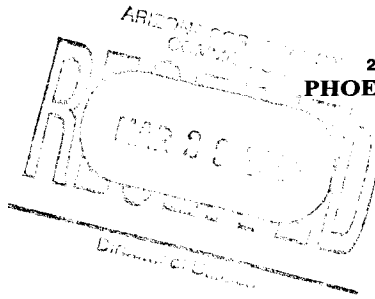
**(SEAL) MY COMMISSION EXPIRES: 5-14-2002**  


  
SIGNATURE OF NOTARY PUBLIC



LAW OFFICES  
**MARTINEZ & CURTIS, P.C.**

MICHAEL A. CURTIS  
JAY M. MARTINEZ (1943-2000)  
WILLIAM P. SULLIVAN  
SUSAN D. GOODWIN  
LARRY K. UDALL  
ANJA K. WENDEL  
PAUL M. MICHAUD  
KELLY Y. SCHWAB



2712 NORTH SEVENTH STREET  
**PHOENIX, ARIZONA 85006-1090**

TELEPHONE (602) 248-0372  
TELECOPIER (602) 266-8290

OF COUNSEL  
JOSEPH F. ABATE  
THOMAS A. HINE  
JEFFREY A. KATZ

REFER TO FILE NO. 1414-3  
1414-3-1

March 28, 2001

Ms. Carmen Madrid  
Arizona Corporation Commission  
Utilities Division  
1200 West Washington Street  
Phoenix, Arizona 85007

Re: **Sterling Water Company**  
**Docket No. W-03499A**

Dear Carmen:

Enclosed for filing is Sterling Water Company's Annual Report to the Utilities Division for year ending December 31, 2000. Also enclosed are a conformance copy and a self-addressed, stamped envelope for your convenience of returning to this office.

If you have any questions, please do not hesitate to contact the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read "Tamela S. Gation".

Tamela S. Gation  
Assistant to William P. Sullivan

/tsg

Enclosures: 2000 Annual Report – Utilities Division  
Self-Addressed, Stamped Envelope

cc: Michael Suggs (w/enc)

1414\3-1\letters\madrid.0328.01